

REVISED MOTION BY SUPERVISOR MARK RIDLEY-THOMAS

March 31, 2020

Request to Review Price Gouging Protections for County Residents and Make Recommendations to Strengthen Consumer Protections During Declared States of Emergency

On March 4, 2020, the Los Angeles County (County) Board of Supervisors (Board) and the Department of Public Health (Public Health) declared a local and public health emergency in response to the increased spread of the COVID-19 coronavirus across the country and throughout the County.

Numerous media outlets have recently reported price spikes for various items as a result of the coronavirus, including hand sanitizers, masks, and other supplies. Price gouging is prohibited and is governed by California Penal Code 396 and the County's Price Gouging Ordinance. For 30 days following the declaration of emergency, it is illegal for a person, contractor, or business to sell or offer to sell any food items or goods or services for a price of more than 10 percent above the price charged by that person or business immediately before the declaration of emergency was issued. ~~The County's Department of Consumer and Business Affairs (DCBA) has received consumer complaints regarding price gouging related to coronavirus.~~

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The County's Department of Consumer and Business Affairs (DCBA) has been providing consumers and businesses with information regarding price gouging by conducting visits to businesses, ~~public service advertisements and announcements,~~ advertising, and creating a consumer-focused web page dedicated to providing educational resources on the coronavirus. It is imperative that the County takes all reasonable and necessary steps to protect consumers from price gouging during declared states of emergency such as the coronavirus and evaluate consumer protection ordinances to ensure consumers are adequately protected in times of emergency related to disease.

Since the County declared a local and public health emergency on March 4, 2020, DCBA has received hundreds of consumer complaints of price gouging by various businesses, and DCBA expects this number to increase due to high demand, evidence of hoarding of supplies for resale, and the scarcity of the essential items during this ongoing declared emergency. Consumers have also complained of various scams and false and misleading claims relating to the COVID-19 coronavirus, including but not limited to untested miracle cures and drugs that can prevent infection. In this unprecedented crisis, DCBA's ability to fully investigate these price gouging allegations and false and misleading claims has been severely hindered by the extremely large number of complaints, and the challenges of obtaining relevant business records.

In light of these challenges, authority to subpoena businesses and persons to provide records and sworn testimony is critical to enhance DCBA's ability to investigate the price gouging complaints and refer them to the appropriate governmental agency for potential criminal or civil action. DCBA is partnering with the District Attorney, County Counsel, and the Los Angeles City Attorney on a price gouging task force. Delegating the Board's subpoena power during the ongoing declared County local and public health COVID-19 emergency will enable the County to protect consumers from predatory price gouging, scams, and false and misleading claims related to COVID-19.

The County's price gouging ordinance (County Code section 8.09.030 (D)) and California Penal Code section 396(e) provide that the 30-day period following a declared local emergency during which price increases of more than 10 percent are prohibited, can be extended for additional 30-day periods by the Board. Because DCBA continues to receive price gouging complaints, and to protect consumers, it is necessary to extend the prohibition on price increases in 30-day increments for so long as the local and public health emergency declared by this Board remains in effect.

I THEREFORE, MOVE THAT THE BOARD OF SUPERVISORS:

1. Instruct the Director of the Los Angeles County (County) Department of Consumer and Business Affairs (DCBA) and County Counsel, to review existing consumer price gouging protections, ~~regarding price gouging and any issues pertaining to the County's ability to enforce consumer protection law during declared states of emergency, including but not limited to diseases such as coronavirus,~~ for County consumers and to report back to the Board of Supervisors (Board) with recommended improvements, including recommended changes to existing Los Angeles County ordinances, within 30 days.
2. Delegate its power and authority to issue subpoenas and to order and conduct examinations of persons as witnesses under Government Code section 25170 to the Director of DCBA for the purpose of investigating and supporting enforcement actions, to protect County residents from price gouging and scams related to COVID-19 for as long as the County's declared local and public health emergency due to COVID-19 continues. This delegation is made pursuant to Government Code section 53060.4 and all applicable legal authorities, and includes the delegated power to administer

oaths pursuant to Government Code section 25057, and to take all actions necessary to enforce the subpoenas, including but not limited to reporting noncompliance thereof to the superior court.

3. The protections in County Code chapter 8.09 prohibiting price gouging in time of emergency are hereby extended and will continue in thirty (30) day periods so long as the Declaration of Local and Public Health Emergency by the Board remains in effect. The Board finds that this extension is necessary because complaints of price gouging are continuing, and have been increasing, and such an extension will protect the lives, property, and welfare of the residents of the County.

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